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NORTHWEST CUTS 1950 BUDGET;
NORTHEAST REPORTS ECONOMIC PROGRESS

Mukden, 24 March (Hsin-hua) -- The Northeast People's Government Council held its second session from 20 March to 27 March 1950, with 33 council members and some 250 other persons in attendance.

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Chairman Kao Kang summarized economic recovery activities for 1949 and announced that the industrial production values for the year were 4.2 percent above estimates. Because of floods in the south and drought in the north, agricultural production reached little better than 90 percent of the estimate.

Public business enterprises and agricultural production increased with remarkable speed. The fact that industrial production recovered with greater rapidity than industrial equipment clearly demonstrates the increasing efficiency of the public enterprises and shows a great future for rapid advancement in China's production strength.

Commercial and industrial enterprises backed by private capital also developed, as a result of the advance in public business enterprises and agriculture, and the increased purchasing power of the people. The number of private business establishments in Mukden rose 23 percent and the number of persons employed in them has grown 18 percent. During 1949, the number of persons employed in public industries alone increased by 240,000, and the actual wage average rose 27 percent.

The Northeast paid out from 9 to 11 percent of the total wages toward workmen's compensation and various welfare activities. The exchange ratio between grain and cloth changed, so that the grain dropped in relative value. Commodities reached a point of stability and the farmer's burden was lighter than in 1948. Northeast stores supplied essential goods to the consumer, and at the same time bought in all kinds of foodstuffs and native products. Thus the market could become stable and the people's living improve.

Chairman Kao Kang also discussed the fine record in culture and education, health, public security, and legal administration.

REPORTS 1950 PLAN FOR NORTHEAST INDUSTRY -- Canton Nan-fang Jih-pao, 5 Apr 50

Mukden, 24 March -- In the 1950 economic reconstruction plans presented by Chairman Kao Kang at the second session of the Northeast People's Government Council, 20 - 22 March 1950, total production values for public industry are set at 193 percent of the 1949 figures. Seventy-nine percent of this represents improvements in production procedures.

The plan calls for 18 million tons of agricultural products, which is 137 percent of the 1949 plan. Realization of this plan would cause a shift in the relative emphasis on industry and agriculture. Emphasis on industry would rise from its 1949 allotment of approximately 35 percent to about 43 percent. In the financial budget, 54 percent of the total expenditure will go toward recovery and capital for economic development.

In the business estimate, state-operated firms and cooperatives are to handle 50 percent of the general retail market which will represent an increase of 16 percent over their 1949 allotment. The number of state-operated retail stores will rise to 1,500.

NORTHEAST ECONOMY GAINS IN STABILITY -- New York Hua-ch'iao Jih-pao, 21 Apr 50

Mukden, 7 April (Hsin-hua) -- Substantial progress has been made in the stability of finances and economy of the Northeast, according to a comparison of statistics for 1949 with those for the preceding 2 years. This has been accomplished partly through the centralization of government finances whereby a unification of aims, policies, plans, and systems has been attained with reference to the collection of taxes in money and in kind, industrial and commercial income taxes, budgeting and accounting, control of expenditures, reporting, and management of storage warehouses.

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Among the evidence of improvement are:

1. The proportion of tax revenue collected from expanding commerce and industry compared with that from agriculture shows a marked increase.
2. Great savings have been realized through economy and increased efficiency in operations.
3. Prices are more stable. In 1949, prices advanced about 6 percent per month. During the first quarter of 1950, prices in Mukden have advanced only 2 percent per month.
4. There is a good prospect for a balanced budget in 1950.
5. Previous to 1949, more than 60 percent of the Northeast government's revenue was devoted to military needs. In 1949, only 30 percent was used for constructive purposes. For 1950, the budget calls for 54 percent of the total disbursements to be devoted to constructive commercial and industrial enterprises.
6. The economy of the Northeast has changed from one supporting the military struggle to one serving reconstruction and production.

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